

Summary: Enacted
FAMILY INDEPENDENCE AGENCY FY 2003-04
Senate Bill 283
Public Act 172 of 2003



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Budget Overview

The Family Independence Agency (FIA) budget provides funding for a wide range of programs and services to help improve the quality of life in Michigan by protecting children and vulnerable adults, delivering juvenile justice services, and providing support to strengthen families and individuals striving for independence. The FY 2003-04 enacted budget includes Gross appropriations of \$3.96 Billion and General Fund/General Purpose funding of \$1.13 Billion.

Summary of Major Budget Issues

Enhanced Child Care Fund Reimbursement – The proposed new Enhanced Child Care Fund Reimbursement for Community Programs to support more community-based in-home services for youth is not included in the enacted budget. The Senate and House had both approved less funding for this initiative than the \$50 million in the Executive Budget.

Allocation of Federal TANF Funds – The FIA appropriations Act makes a series of adjustments in the use of Federal TANF funds to recognize increased caseloads and expenditures in a variety of programs.

Child Support Enforcement System Penalty Refund – The enacted budget modifies the allocation of anticipated federal Child Support Enforcement System penalty refund monies previously paid by the state, but the Governor vetoed many of the allocations.

Caseload Adjustments – The enacted budget provides additional funding to increase the Family Independence Program caseload by 4,565 cases and \$31.3 million compared to the Executive and Senate budgets, and \$26.8 million compared to the House version. Day Care Services and the State Disability Assistance program were increased by \$9.9 million and \$4.7 million, respectively, to reflect higher caseload adjustments.

FY 2003-04 Recommendations

	FY 2002-03 YTD (as of 2/26/03)	Executive	Senate	House	Enacted	Difference: Enacted to 2002-03 YTD	
						Amount	%
IDG/IDT	\$978,800	\$1,055,800	\$1,055,800	\$1,055,800	\$1,055,800	\$77,000	7.9
Federal	2,773,916,471	2,697,630,071	2,697,630,050	2,702,130,150	2,679,842,950	(94,073,521)	-3.4
Local	66,956,700	65,097,100	65,097,100	65,097,100	65,097,100	(1,859,600)	-2.8
Private	9,856,850	9,472,150	9,472,150	9,472,150	9,472,150	(384,700)	-3.9
Restricted	70,370,500	70,096,800	70,096,800	70,096,800	70,096,800	(273,700)	-0.4
GF/GP	1,115,085,079	1,102,339,379	1,102,339,400	1,102,344,900	1,133,789,400	18,654,321	1.7
Gross	\$4,037,164,400	\$3,945,691,300	\$3,945,691,300	\$3,950,196,900	\$3,959,304,200	(\$77,860,200)	-1.9
FTEs	12,501.1	10,771.6	10,771.6	10,774.6	10,774.6	(1,726.5)	-13.8

<u>Major Budget Changes from FY 2002-03 YTD Appropriations:</u>		<u>YTD FY 2002-03</u>	<u>Enacted Change</u>
1. <i>Employment and Training Support Services-VETOED</i> Provides a \$25,000 increase in the Fatherhood program, and increases the Marriage Initiatives program by \$512,500. Both programs were eliminated in the Executive Recommendation. (See Sec. 415 and Sec. 416)	Gross	\$14,064,200	(\$715,500)
	Federal	13,339,100	(\$715,500)
	GF/GP	\$725,100	\$0
2. <i>Foster Care Payments</i> Includes \$30.9 million in various base funding reductions, primarily related to a caseload decline as recommended by the Executive, and a technical adjustment for removal of supervised independent living contracts.	Gross	\$245,010,600	(\$30,943,500)
	Local	34,918,000	0
	Private	5,033,900	0
	Federal	108,078,000	(16,803,700)
	GF/GP	\$96,980,700	(\$14,139,800)
3. <i>Adoption Subsidy Program</i> Concurs with the Executive, Senate and House caseload adjustments totaling \$18.0 million, and a reduction of \$3.6 million to limit adoption subsidy payments to age 19 instead of age 21 for those who have not completed high school.	Gross	\$204,952,800	\$14,433,400
	Federal	126,180,200	9,409,200
	GF/GP	\$78,772,600	\$5,024,200
4. <i>Teen Parent Counseling</i> Reduces funding for the Teen Parent Counseling program by 9.4% (\$390,800). The Executive recommended elimination of the program while the Senate included a 5% reduction and the House a 10% reduction. Concurs with the Executive and Senate proposed base adjustments of \$56,400. Sec. 523 requires recipients of Teen Parent Counseling funds to provide at least 10% in matching funds.	Gross	\$4,218,500	(\$447,200)
	Federal	4,218,500	(472,600)
	GF/GP	\$0	\$25,400
5. <i>Family Preservation and Prevention Services</i> Includes \$8.2 million in total reductions as recommended by the Executive. Specifies in Sec. 546 that the \$8.0 million program reduction shall be based on an equal percentage basis for all programs receiving funds except for the 0-3 secondary prevention program that shall be maintained at FY 03 levels.	Gross	\$74,469,700	(\$8,184,100)
	Federal	74,183,400	(8,142,700)
	GF/GP	\$286,300	(\$41,400)

<u>Major Budget Changes from FY 2002-03 YTD Appropriations:</u>		<u>YTD FY 2002-03</u>	<u>Enacted Change</u>
6. <i>Child Care Fund</i>	Gross	\$139,500,000	\$29,337,900
Transfers the Child Care Fund line, recognizes anticipated expenditure growth, and annualizes the TANF claim for in-home services. Does not include proposed increase in state reimbursement for in-home services from 50% to 75% or the transfer to the new Enhanced Child Care Fund line. Includes the consensus caseload adjustments.	Federal	53,104,400	11,033,500
	GF/GP	\$86,395,600	\$18,304,400
7. <i>Family Independence Program</i>	Gross	\$376,339,600	(\$7,000,000)
Recognizes \$34.8 million in savings from the current year budgeted FIP caseload as proposed by the Governor, but restores \$31.3 million GF/GP for the consensus caseload recommendation. Includes \$440,000 for an increase in the annual child clothing allowance to \$40 per child. Also, the Executive proposed elimination of the \$3.0 million Kinship Care Pilot Program is rejected, but the Conference Committee report reflects a 10% reduction in the program totaling \$300,000.	Restricted	50,449,300	(238,600)
	Federal	168,339,400	(38,300,000)
	GF/GP	\$157,550,900	\$31,538,600
8. <i>State Disability Assistance Program</i>	Gross	\$22,139,900	\$1,373,500
Includes \$1.9 million in program base adjustments as proposed by the Governor. Increases funding by \$1.4 million to reflect a portion of the consensus caseload recommendation. An additional \$3.3 million caseload adjustment is appropriated in Sec. 413 from the child support penalty refund.	Restricted	5,108,800	0
	GF/GP	\$17,035,100	\$1,373,500
9. <i>State Emergency Relief</i>	Gross	\$43,132,600	(\$1,724,400)
Concurs with the Executive, Senate and House base adjustments and a reduction of indigent burial payments by \$167 per burial saving \$952,000. Does not include the \$500,000 increase in the House version to partially restore the emergency shelter per diem rate from \$12.00 to \$12.50.	Federal	14,795,600	(719,200)
	GF/GP	\$28,337,000	(\$1,005,200)
10. <i>Low Income Energy Assistance Program Weatherization Assistance</i>	Gross	\$96,903,600	\$35,504,900
Recognizes increased federal funding available for the Low Income Home Energy Assistance Program (\$30.5 million) and the Weatherization Program (\$5.0 million).	Federal	96,903,600	35,504,900
	GF/GP	\$0	\$0

<u>Major Budget Changes from FY 2002-03 YTD Appropriations:</u>		<u>YTD FY 2002-03</u>	<u>Enacted Change</u>
11. Day Care Services		Gross \$456,972,300	\$33,271,700
Concurs with the Executive proposed \$6.2 million base decrease, \$35.0 million increase to cover caseload spending adjustments, and a reduction of \$4.4 million to no longer allow exceptions to the 100 hours of care per 2 week pay period limit. An additional \$9.9 million GF/GP is included to reflect the consensus caseload adjustment. The Before- and After-School Program funding is maintained, but with a 10% reduction (\$950,000), as contained in the House version. The Executive recommended elimination of the program and the Senate reduced it by \$1.0 million. Sec. 657 specifies the funding for the program.	Federal	253,606,100	44,420,300
	GF/GP	\$203,366,200	(\$11,148,600)
12. Food Stamp Reinvestment		Gross \$5,700,000	\$12,726,300
Adds \$12.7 million GF/GP for Food Stamp Reinvestment earmarked for reducing food stamp issuance error rates and a set aside in anticipation of additions federal food stamp error penalties.	GF/GP	\$5,700,000	\$12,726,300
13. Information Technology Cost Reductions		Gross \$178,675,900	(\$45,479,500)
Concurs with the Executive reduction of \$34.3 million in the area of information systems associated with Child Support Enforcement System development costs and information technology services and data enhancement programs. The enacted bill includes additional reductions totaling \$11.2 million.	Federal	121,472,421	(36,449,900)
	Restricted	11,032,200	(5,620,000)
	Other	407,600	(407,600)
	GF/GP	\$45,763,679	(\$3,002,000)

Major Boilerplate Changes from FY 2002-03:

GENERAL SECTIONS

Sec. 206. Contingency Fund Appropriations – DELETED

Deletes language that enables the Department to receive additional federal, local, private, and state restricted contingency funds but prohibits expenditure unless funds are transferred to a line item in the act. The Executive had proposed to retain this section.

Sec. 222. Additional Appropriation Authorization – NOT INCLUDED

Does not include the Executive proposal to allow the Department to spend a portion of unexpended or unreserved FY 2003 GF/GP funds in identified areas for the same purposes in FY 2004.

Sec. 261(2). Local Office Restructuring – NEW

Requires FIA to implement a plan to save \$2.0 million by restructuring local field offices in counties with more than 10 local offices and provide a report on the plan by January 1, 2004.

Sec. 270-274, 276. Reporting Requirements – NEW

Includes various new FIA reporting requirements related to uniform reporting standards (Sec. 270), child and family services federal review (Sec. 271), Federal Title IV-E foster care eligibility review (Sec. 272), a report on policy changes (Sec. 273), a report on Federal grant activity (Sec. 274), and retention of departmental reports (Sec. 276)..

Sec. 275. Prohibits Use of Funds for Advertising – NEW

Prohibits FIA from using funds for billboard advertising unless required in state or federal regulation. **Executive** does not include this section.

FAMILY INDEPENDENCE SERVICES ADMINISTRATION

Sec. 413. Child Support Enforcement System Penalty Refund – PARTIALLY VETOED

Appropriates up to \$12.7 million of the Child Support Enforcement System penalty refund. The remainder of the refund, \$16.1 million, is appropriated for FY 2002-2003 in Sec. 1001, which is discussed below. The Governor vetoed \$1.5 million in innovation grants, \$1.5 million for Project Zero and volunteer services, \$.1 million for Medicaid spend down analysis, \$.5 million for Effective Family Formation, \$1.8 million for foster care and adoption rate increases, and another \$1.8 million in Federal matching funds for the same increases, \$50,000 for the One Church One Child Program, \$50,000 for Medicaid-eligible teen parent adoption counseling, and \$1.5 million for the Amer-I-Can Program.

Sec. 415. Fatherhood Initiative – VETOED

Allows the Department to spend up to \$500,000 in TANF to fund a fatherhood initiative program.

Sec. 416. Marriage Initiative – VETOED

Allows the Department to spend up to \$750,000 in TANF to fund a marriage initiative using licensed providers.

Sec. 418. Individual Development Accounts (IDA) Plan – VETOED

Continues current year language requiring FIA to maintain a plan to provide for the implementation of Individual Development Accounts. Includes House language appropriating \$200,000 to the Michigan IDA Partnership with the intent of appropriating the same amount in each of the next 4 years.

Major Boilerplate Changes from FY 2002-03:

Sec. 420. Welfare to Career Innovation Grant – VETOED

Directs the Department to allocate \$40,000 in TANF funds to replicate the Kent County model with Cascade Engineering in four other counties.

CHILD AND FAMILY SERVICES

Sec. 523.(3) Teenage Parent Counseling Funds – NEW

Requires agencies receiving Teenage Parent Counseling funds to provide at least 10% in matching funds.

Sec. 532.(2) Child and Family Agency Contract Compliance and Licensing Review – NEW

Requires FIA to develop a streamlined licensing, and contract compliance review process and a report on the new review process by April 1, 2004.

Sec. 533 Prompt Payment to Child Placing Agencies – REVISED

Revises current law that requires payment to child placing agencies within 30 days.

Sec. 537. Foster Care Placement - First Opportunity – REVISED

Requires FIA to offer private nonprofit agencies the first opportunity to provide foster care services for new children if it has a child to caseworker ratio not more than the Department's child to caseworker ratio. Also provides a report on public-private service cost similarities and differences.

Sec. 543. Training to Reduce Underage Youth Criminal Sexual Conduct – NEW

Requires the Department to develop an education and training plan to reduce the incidence of criminal sexual conduct involving underage youth. Also requires a report.

Sec. 544. Accelerated Residential Treatment Pilot Projects – NEW

Directs the Department to consider approval of pilot projects with applications pending for accelerated residential treatment.

Sec. 545. Specialized Foster Care Program Freeze – NEW

Specifies that the Department shall eliminate the current administrative freeze on approval of new specialized foster care programs.

Sec. 546. Family Preservation and Prevention Services Reduction – NEW

Requires the \$8.0 million reduction in the Family Preservation and Prevention Services line item to be based on an equal percentage basis for all programs receiving funds except for the 0-3 secondary prevention program that shall be maintained at FY 03 levels.

PUBLIC ASSISTANCE

Sec. 613. Indigent Burial Charge Limit and Report Requirements – REVISED

Reduces the maximum allowable charge limit of \$1,114 for indigent burials to \$947 per case and removes reporting requirement. House adds a report on the number of burials and cremations, as well as the amount spent for each.

Major Boilerplate Changes from FY 2002-03:

Sec. 657. Before- or After-School Program – REVISED

Requires the Department to continue to offer a before- or after-school program pilot for school-aged children with funding of up to \$8.55 million, instead of \$10.0 million in current law, and provide a report on the pilot.

Sec. 666. Federal Earned Income Tax Credit – REVISED

Directs the Department to develop and implement a plan to increase FIP recipient participation in the federal Earned Income Tax Credit. House adds language that requires the plan to be done in conjunction with the MSU Extension Services and a report by December 31, 2003.

Sec. 668. SMART Moves Program – REVISED

Restores vetoed language authorizing the Department to develop a community-based child care program for children ages 6 to 15. New language states that FIA may expend up to \$250,000 for a pilot program and provides funding priority to programs that provide at least 10% match.

Sec. 669(2). Annual School Clothing Allowance – REVISED

Requires the Department to allocate \$4.7 million for the annual school clothing allowance and notify eligible recipients of participating retailers that offer discounts. House adds intent language for the Department to expand outreach to retailers encouraging them to offer discounts.

Sec. 671. Benefit Bank Internet-Based Information System– NEW

Allows the Department to work with private nonprofit service providers to implement a benefit bank internet based information system providing centralized eligibility information and electronic application forms.

Sec. 672. Food Assistance Outreach Efforts – NEW

Provides for a report to the Legislature on the Department's Food Assistance outreach efforts by February 1, 2004.

Sec. 673. Client Eligibility Termination Notice – NEW

Directs the Department to send notification to clients participating in the State Child Day Care program and the child care providers when client eligibility is reduced or eliminated.

JUVENILE JUSTICE SERVICES

Sec. 705. W. J. Maxey Reporting Requirement – REVISED

Requires an annual report on the W.J. Maxey facility, outlines required assessment and treatment issues, and includes a new comparative analysis of public training schools and private facilities.

Sec. 716. Appraisal and Sale of Excess Maxey Property – VETOED

Directs the Department to work with DMB to obtain an appraisal and pursue the sale of the excess property located at the Maxey facility. Appropriates \$5.0 million for salaries and wages and contractual services, supplies, and materials within the Executive Operations unit contingent upon the property sale.

Major Boilerplate Changes from FY 2002-03:

LOCAL OFFICE STAFF AND OPERATIONS

Sec. 750. Out-Stationed Eligibility Workers – NEW

Requires FIA to maintain out-stationed eligibility specialists at the same locations and staffing levels that exists in FY 2002-03.

CHILD SUPPORT ENFORCEMENT

Sec. 901. Child Support Incentive Payments– REVISED

Allows the Department to retain portions of federal child support incentive payments and expend them for various child support collection efforts. Provides guidelines for counties to avoid penalty payment. Increases the incentive payment amount FIA may retain, identifies minimum payment levels to counties. It also requires the Department to enter into a cooperative agreement with the Attorney General to support child support enforcement activities.

FY 2002-03

Sec. 1001. CSES Penalty Refund Appropriation – NEW

Authorizes up to \$16.1 million of the CSES penalty refund for the child support enforcement system, caseload costs, and the transitional work support program. Sec. 413 in the current year FIA budget (Public Act 529 of 2002) is repealed.